

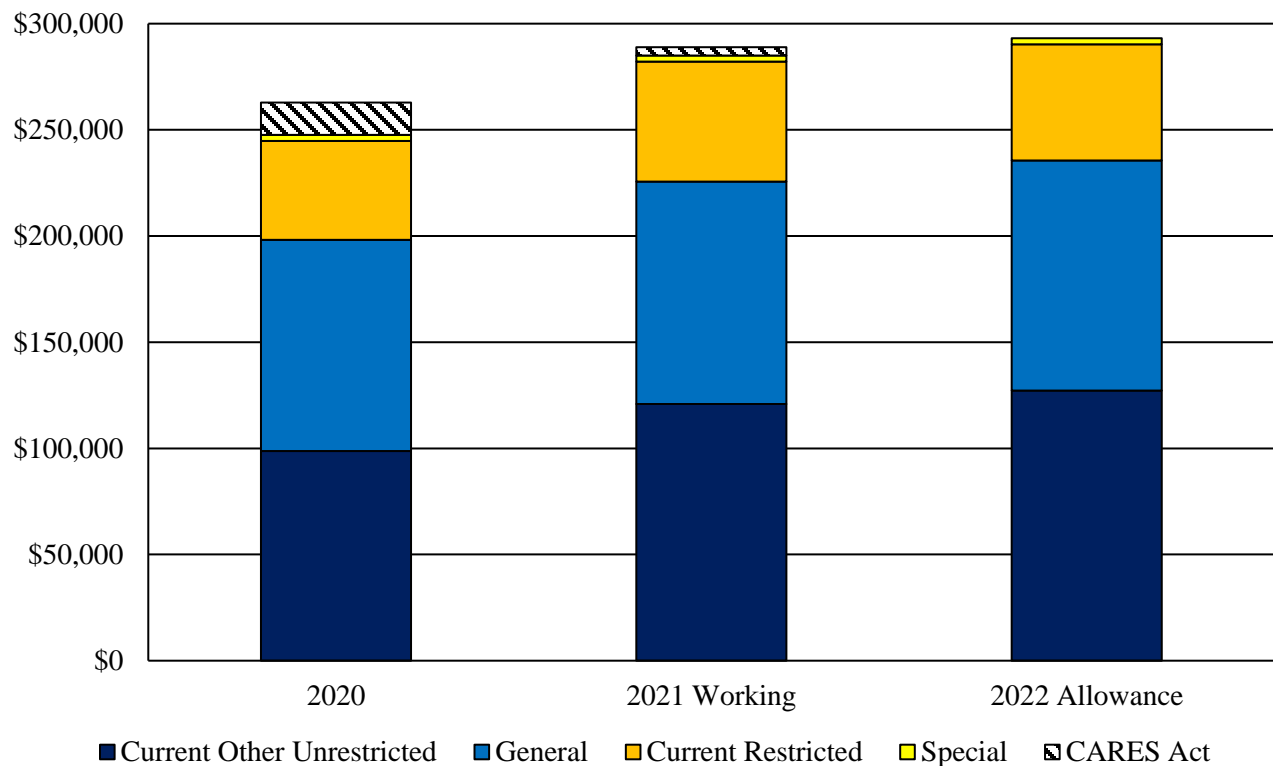
R13M00
Morgan State University

Executive Summary

Morgan State University (MSU), designated as Maryland's public urban university, is responsible for addressing the needs of the citizens, schools, and organizations within the Baltimore metropolitan area through academic, research, and service programs. One of the goals of MSU is to promote economic development by meeting critical workforce needs by offering programs in professional fields such as engineering, business, teacher education, architecture, and social work.

Operating Budget Summary

Fiscal 2022 Budget Increases \$4.3 Million, or 1.5%, to \$293.2 Million
(\$ in Thousands)



CARES: Coronavirus Aid, Relief, and Economic Security

Note: The fiscal 2021 appropriation includes deficiencies and a general salary increase. The fiscal 2022 allowance includes annualization of the fiscal 2021 general salary increase.

- There are three proposed deficiencies for MSU: \$2.5 million in reimbursable funds for public safety personnel COVID-19-related costs; \$1.5 million in general funds to reimburse MSU for COVID-19-related expenses; and \$2.0 million in special funds for facility maintenance.
- MSU received a total of \$15.3 million in Coronavirus Aid, Relief, and Economic Security Act federal and State funding in fiscal 2020.
- Fiscal 2022 State funding decreases 0.1%, or \$0.2 million, compared to fiscal 2021.

Key Observations

- ***Enrollment:*** Fall 2020 undergraduate enrollment decreased by 191 students compared to fall 2019. Out-of-state enrollment gains continued in fall 2020, growing by 132 students compared to fall 2019. International undergraduate enrollment continued its downward trend.
- ***Student Performance:*** Four- and six-year graduation rates reach institutional record highs.
- ***Revenue Loss:*** The move to remote learning and the closing of campus during the spring 2020 semester and fall 2020 semester due to the spread of COVID-19 led to revenue losses from student refunds and increased costs related to the transition to online courses.

Operating Budget Recommended Actions

1. Restrict \$3.0 million pending receipt of a report on the Center for Urban Health Equity.

R13M00
Morgan State University

Operating Budget Analysis

Program Description

Morgan State University (MSU), designated as Maryland's public urban university, is responsible for addressing the needs of the citizens, schools, and organizations within the Baltimore metropolitan area through academic, research, and service programs. One of the goals of MSU is to promote economic development by meeting critical workforce needs by offering programs in professional fields, such as engineering, business, teacher education, architecture, and social work.

Based on various socioeconomic and academic measures, MSU enrolls and educates a diverse student body, including those among the best prepared and those who might not obtain a baccalaureate degree without the extra support of the institution. MSU offers a comprehensive range of academic programs, awarding baccalaureate degrees emphasizing the arts and sciences and specialized master's and doctoral degrees.

Carnegie Classification: Doctoral Universities: High Research Activity

Fall 2020 Undergraduate Enrollment Headcount

Male	2,475
Female	3,795
Total	6,270

Fall 2020 Graduate Enrollment Headcount

Male	505
Female	859
Total	1,364

Fall 2020 New Students Headcount

First-time	1,213
Transfers/Others	336
Graduate	363
Total	1,912

Campus (Main Campus)

Acres	176.4
Buildings	34
Average Age	35
Oldest	1919: Carnegie Hall

Programs

Bachelor's	49
Master's	39
Doctoral	17

Degrees Awarded (2019-2020)

Bachelor's	1,102
Master's	285
Doctoral	78
Total Degrees	1,465

Proposed Fiscal 2022 In-state Tuition and Fees*

Undergraduate Tuition	\$5,477
Mandatory Fees	\$2,151

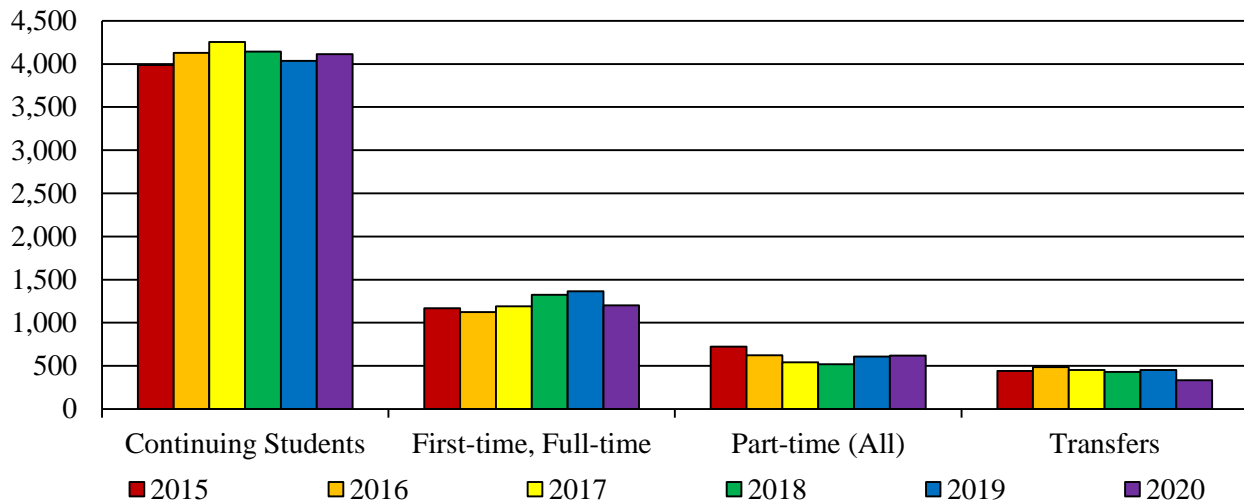
*Contingent on Board of Regents approval.

Performance Analysis

1. Undergraduate Fall Headcount

Total undergraduate enrollment decreased by 3.0%, or 191 students, in fall 2020. As shown in **Exhibit 1**, the continuing student population increased for the first time since fall 2017, growing by 78 students in fall 2020, or 1.9% when compared to fall 2019. Enrollment in first-time, full-time (FT/FT) students, which had grown for three consecutive cohorts, dropped by 11.9%, or 163 students in fall 2020. The undergraduate part-time student population experienced a modest growth of 1.8%, or 11 students, in fall 2020 compared to 2019. Transfer students experienced the largest percentage decline, decreasing by 25.8%, or 117 students, relative to fall 2019. MSU attributed this decrease to many students and their families experiencing financial challenges as a result of the pandemic.

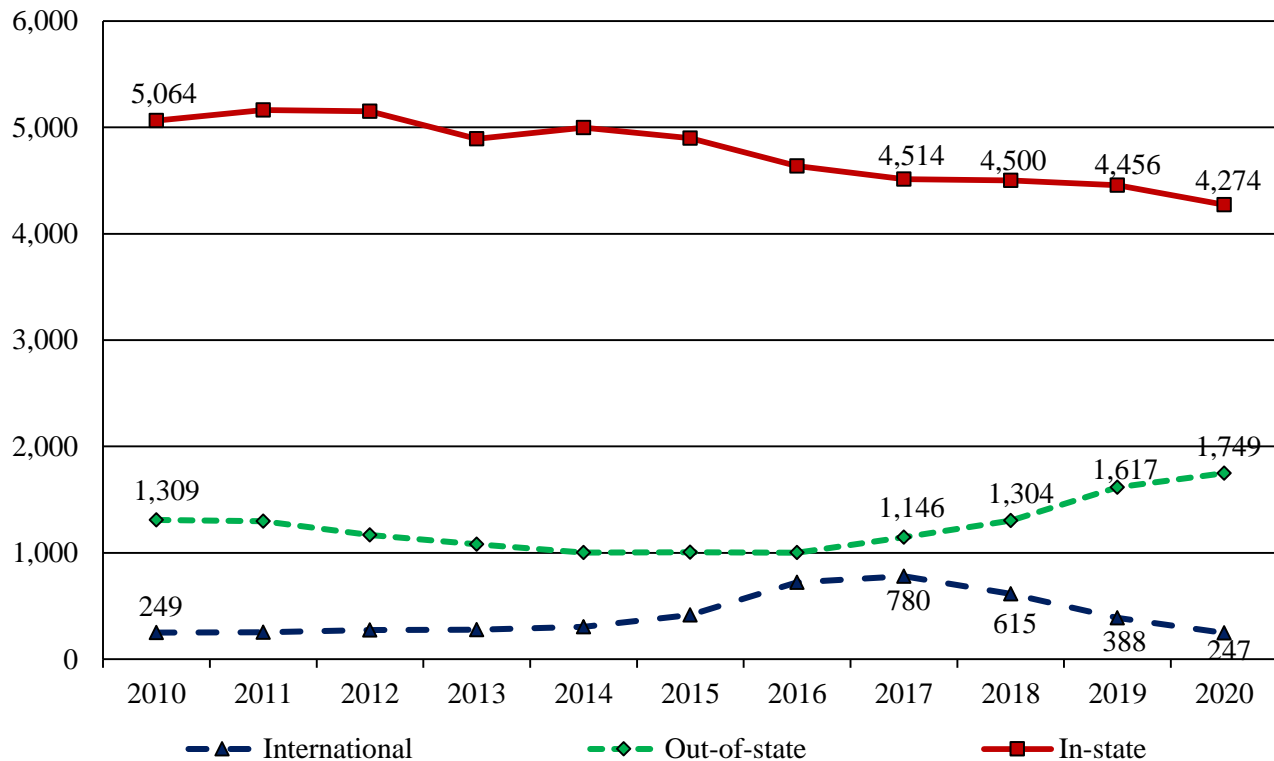
Exhibit 1
Undergraduate Enrollment
Fall 2015-2020



Source: Morgan State University

From 2015 through 2017, MSU relied heavily on international students to offset losses and counter flat enrollment for in-state and out-of-state students. As shown in **Exhibit 2**, a steady decrease of enrollment from in-state students began in 2014 and has continued through 2020. While the international student population had represented the majority of the enrollment increases from 2014 through 2017, reaching a total of 780 students, or 12.1% of the total undergraduate enrollment in 2017, out-of-state enrollment has experienced the greatest increase in the undergraduate student population from 2016 through 2020. International enrollment has, in fact, fallen. From fall 2016 to fall 2020, out-of-state enrollment increased from 15.7% of the undergraduate student population to 27.9%, reaching a total of 1,749 undergraduate students in fall 2020.

Exhibit 2
Enrollment Trends by Location
Fall 2010-2020



Source: Morgan State University

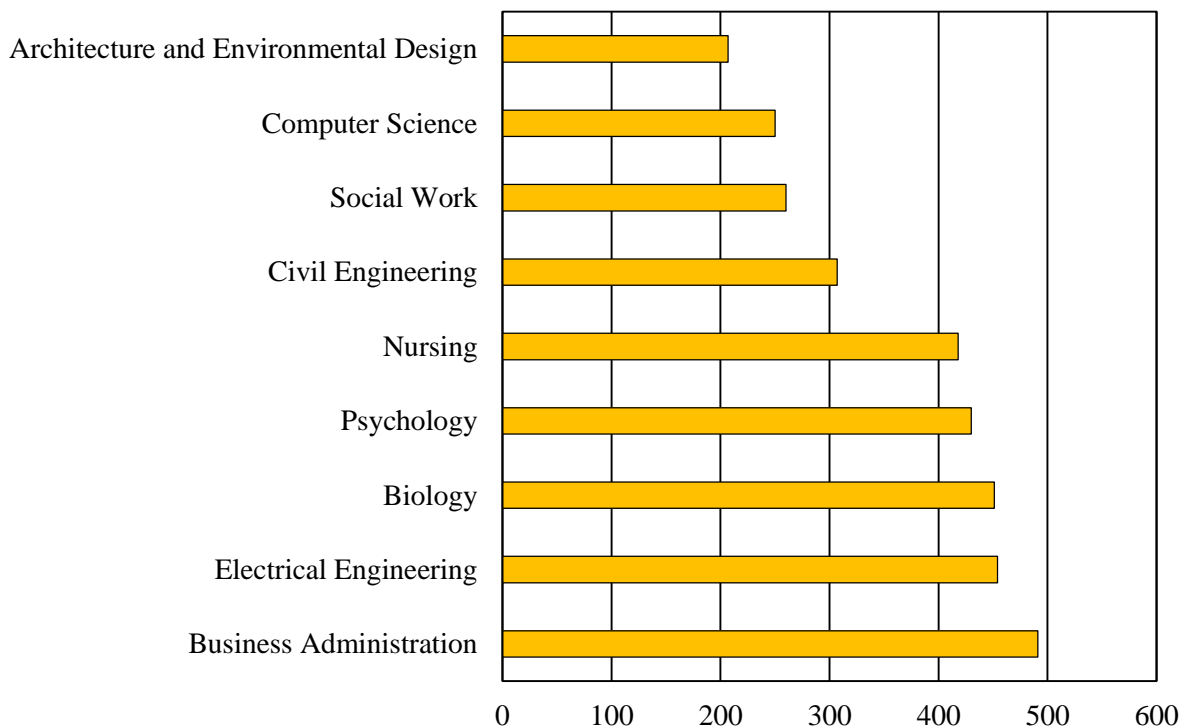
MSU attributes the declining rate of in-state enrollees to the declining number of Maryland public high school graduates. Given the in-state decline, MSU has worked to diversify its student population by attracting more out-of-state students. To achieve this end, MSU has hired a regional recruitment officer, increased marketing to the out-of-state student population, and used data provided by college search partners to target out-of-state students who were likely to enroll. That effort appears to have been successful.

The international student population total has fallen both absolutely and as a percentage of the undergraduate population, at 247 students, and 3.9%, respectively, a level not experienced at the university since 2010. MSU had developed partnerships with Saudi Arabia and Kuwait, and in 2017, the embassies of these nations put an enrollment cap on the number of sponsored students who could enroll in any particular program at any given university that resulted in these two nations being unwilling to sponsor additional students to attend MSU until the number of students leveled off. Exacerbating this decline are the restrictions put into place as a consequence of the COVID-19 pandemic as well as immigration restrictions that were still in place under the Donald J. Trump, Jr.

administration through the fall 2020 semester. MSU’s 10-year goal is to increase the enrollment of the international student population to once again reach at least 10% of the total undergraduate student enrollment.

In fall 2020, just over half of the undergraduate students were enrolled in nine program areas as shown in **Exhibit 3**. Continuing a trend from the previous three academic years, business administration and electrical engineering were the most popular majors, comprising a combined 15.1% of the total undergraduate enrollment in fall 2020.

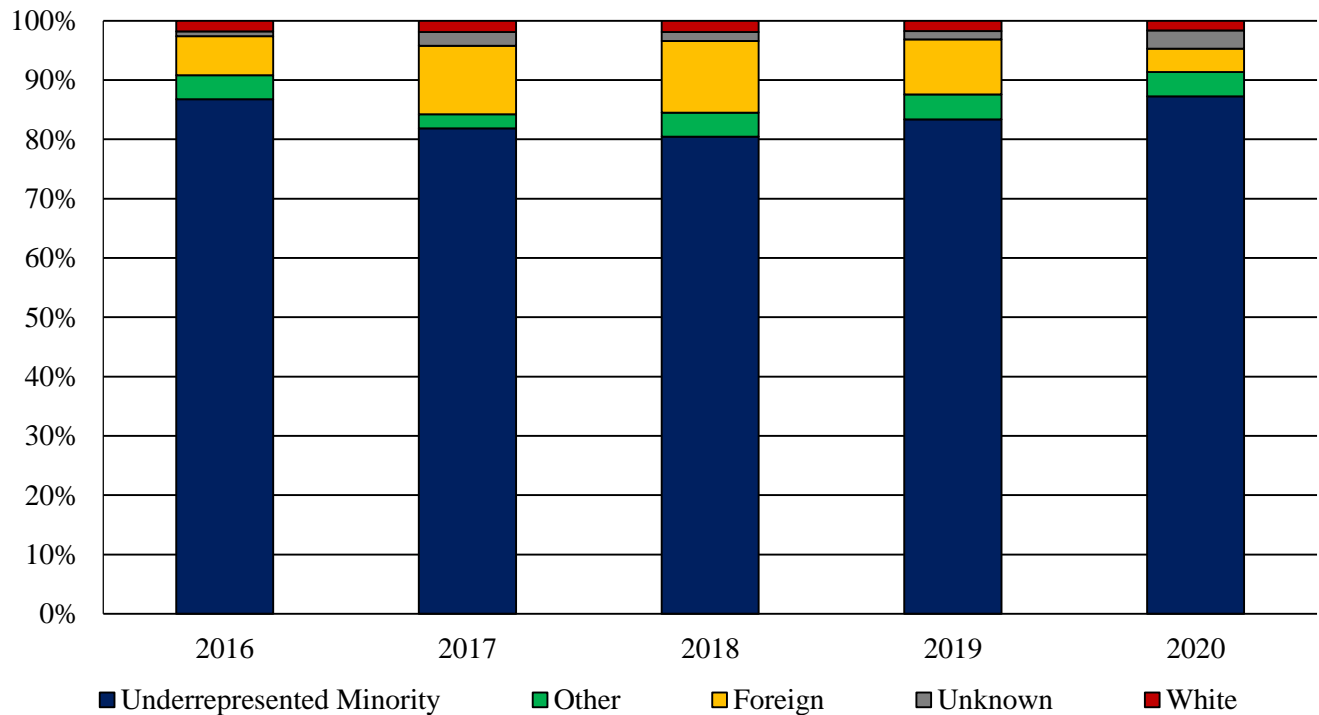
Exhibit 3
Undergraduate Headcount Enrollment by Top Nine Program Areas
Fall 2020



Source: Morgan State University

The ethnic composition of the undergraduate student population at MSU has remained fairly stable from 2016 through 2020, as shown in **Exhibit 4**. On average, underrepresented minorities represented 83.9% of the undergraduate student population over that period, while foreign, White, unknown, and other minorities represented 16.1% of the undergraduate student population.

Exhibit 4
Undergraduate Headcount Enrollment by Ethnicity
Fall 2016-2020



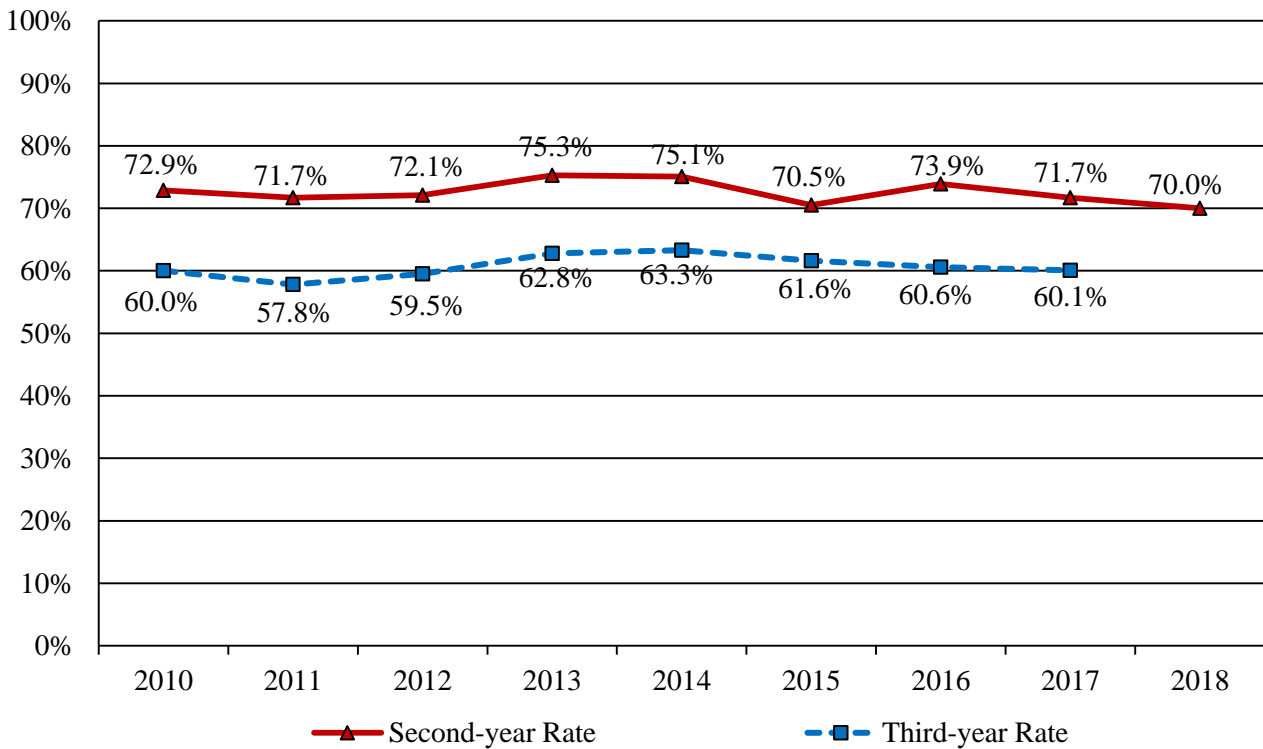
Note: Underrepresented Minority include African American/Black, Hispanic, American Indian, and Native American. Other includes Asian and multiple races.

Source: Morgan State University

2. Student Performance

Student persistence, or retention, provides a measure of student progress and an indication of an institution's performance: the higher the retention rate, the more likely that students will persist and graduate. As students are most likely to drop out during their first year, the second-year retention rate provides an indication if retention strategies are working or if further investigation is needed to identify areas of improvement. Overall, beginning with the 2010 cohort, the second-year retention rate has not fallen below 70.0%, as shown in **Exhibit 5**. The 2013 cohort achieved the highest second-year retention rate of 75.3%; however, this number has fallen to 70.0% for the 2018 cohort. Third-year retention continued its steady decline since the 2013 cohort, falling to 60.1% for the 2017 cohort.

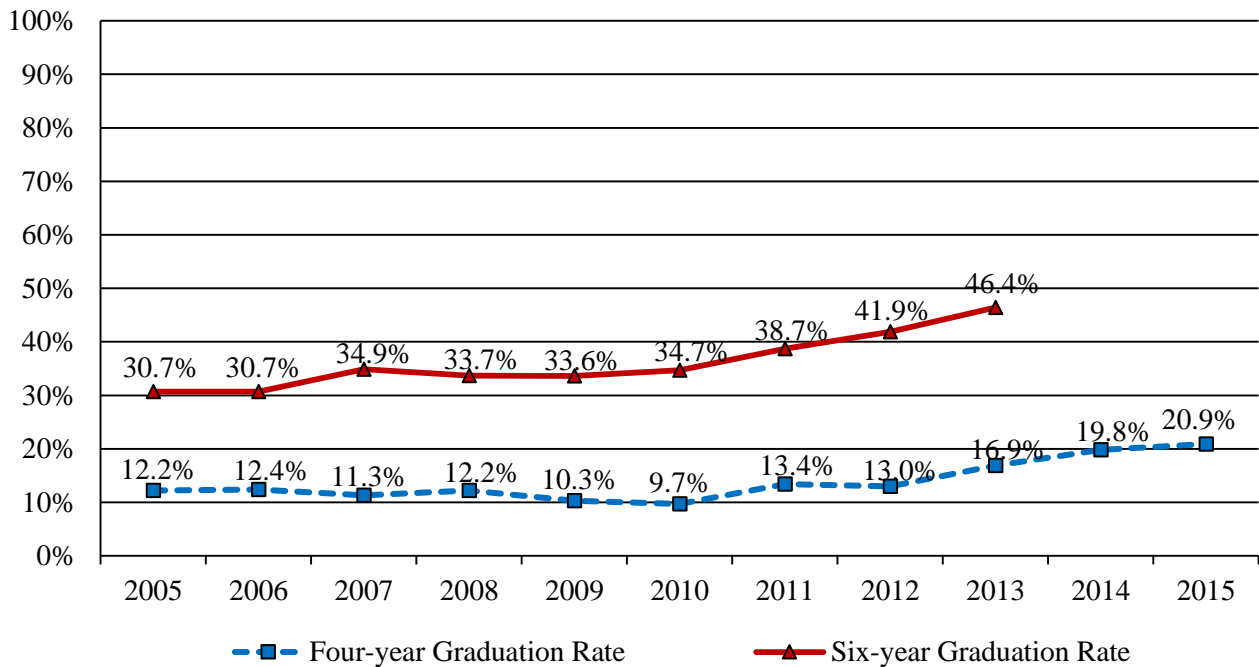
Exhibit 5
Second- and Third-year Retention Rates for First-time, Full-time Students
2010-2018 Cohorts



Source: Maryland Higher Education Commission

Graduation rates are, in part, another measure of student persistence and efficiency – as more students graduate, it frees up more room, allowing an institution to enroll more students. **Exhibit 6** shows the four- and six-year graduation rates for FT/FT students, which include those who transferred and graduated from another Maryland institution. Overall, after falling to its lowest point of 9.7% with the 2010 cohort, the four-year graduation rate has more than doubled to 20.9% with the 2015 cohort. The six-year graduation rate has also grown, reaching its highest total in more than a decade of 46.4% with the 2013 cohort.

Exhibit 6
Graduation Rate of First-time, Full-time Students
2005-2015 Cohorts

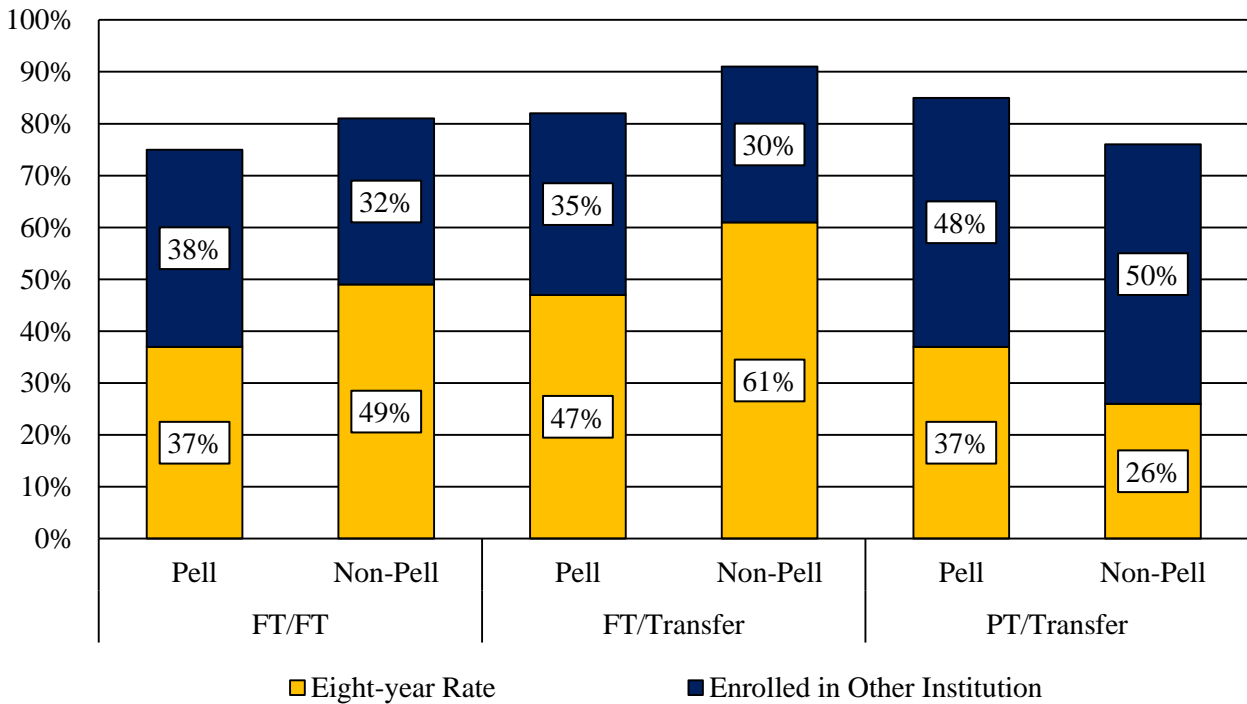


Note: Percents include first-time, full-time students who persisted at, and graduated from, the institution that they initially enrolled in and those who transferred and graduated from any Maryland public or private four-year institution.

Source: Maryland Higher Education Commission

Traditionally, graduation measures only capture the outcomes of the traditional FT/FT students who are increasingly comprising a smaller portion of the student population. In order to have a more inclusive graduation rate that captures the progress of nontraditional students, the Integrated Postsecondary Education Data System reports on the outcomes of first-time, transfers, and part-time transfer students by Pell and non-Pell recipients. As shown in **Exhibit 7**, full-time non-Pell transfer students have the highest graduation rate of 61%. Non-Pell FT/FT and Pell-eligible full-time transfer students graduate in eight years at roughly the same rate, at 49%, and 47%, respectively. Part-time transfer students represent the only category where Pell-eligible students graduate at a higher rate than non-Pell eligible, at a rate of 37% to 26% for non-Pell eligible.

Exhibit 7
Eight-year Graduation Rates for
Students Entering in Academic Year 2011-2012



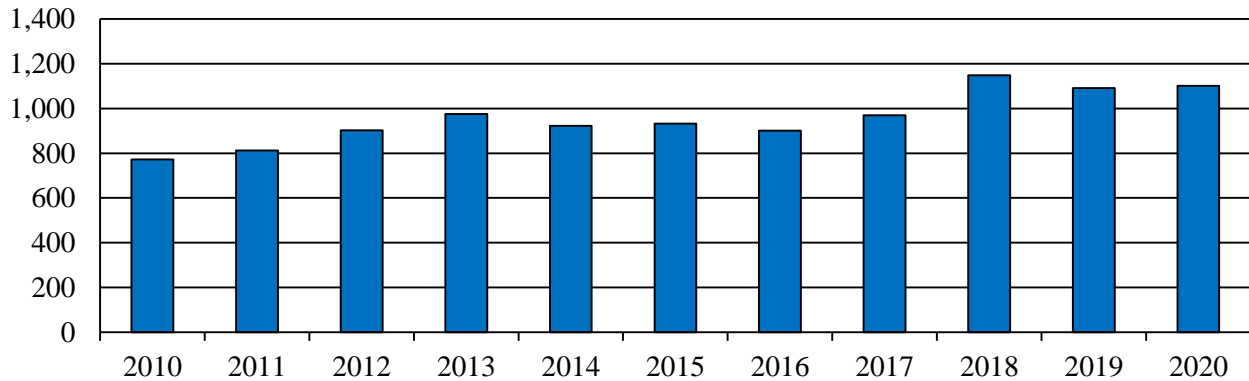
FT: full time
 FT/FT: first time, full time
 PT: part time

Source: National Center for Education Statistics; College Navigator

3. Degree Production and Cost Per Degree

The number of degrees annually awarded has grown considerably from fiscal 2010 to 2020, growing by 330, or 42.7%, as shown in **Exhibit 8**. After declining 7.7% between fiscal 2013 and 2016, the number of degrees increased to 1,149 in fiscal 2018, the highest total ever produced. After a small decline in fiscal 2019, MSU's number of degrees awarded in fiscal 2020 grew by 1.0%, or 11 additional degrees awarded, totaling 1,102 degrees awarded.

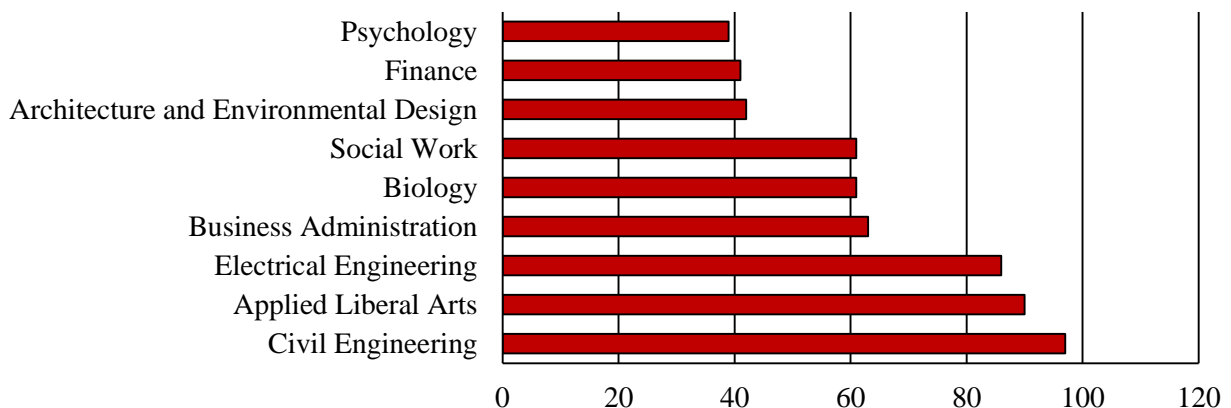
Exhibit 8
Total Undergraduate Degrees Awarded
Fiscal 2010-2020



Source: Morgan State University

Over half of the degrees in fiscal 2020 were awarded in one of nine programs, as shown in **Exhibit 9**. Civil engineering, applied liberal arts, and electrical engineering accounted for a combined 24.8% of the degrees that were awarded that year.

Exhibit 9
Top Nine Undergraduate Degrees Awarded
Fiscal 2020

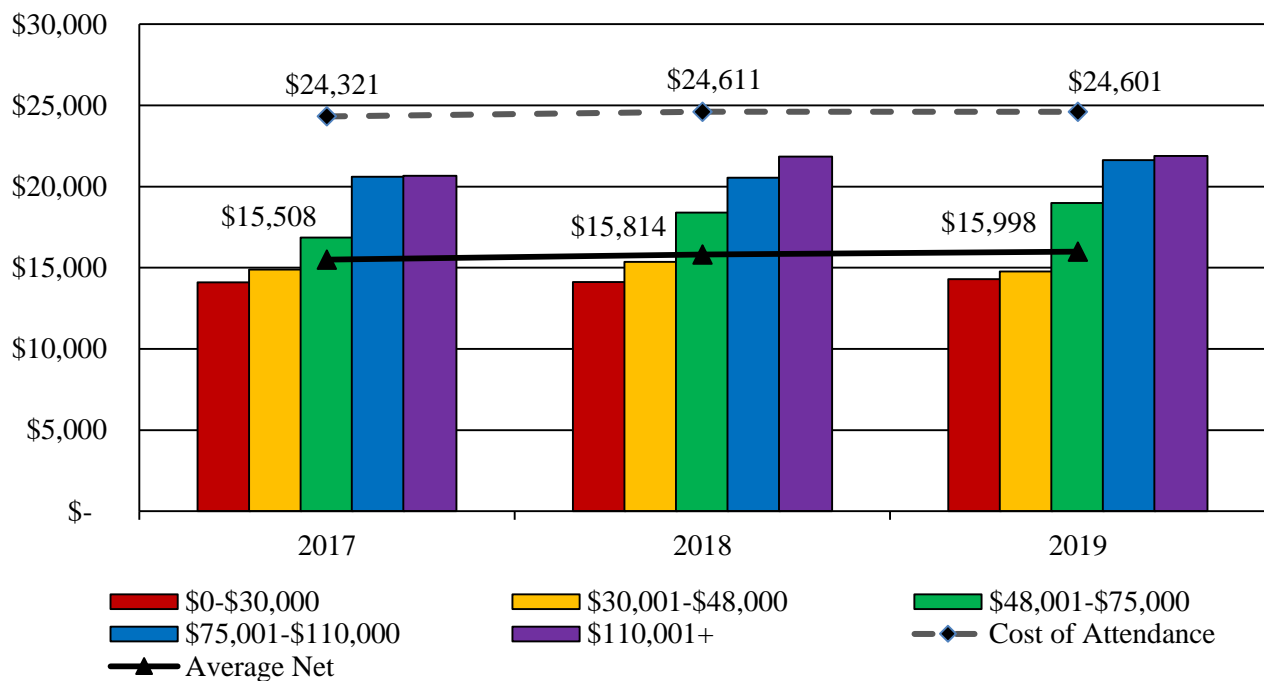


Source: Morgan State University

Cost of Attendance

When considering the affordability of college, students and families tend to focus on the published cost of attendance (COA) or sticker price. COA is the total cost of attending college for one year, including tuition and fees, room and board, books, supplies, and other expenses. However, the focus should be on the average net price, which is the cost to the student after accounting for the average amount of federal, State, and institutional aid awarded to all undergraduate MSU students. As shown in **Exhibit 10**, in fiscal 2019, the average net price was \$8,603, or 35.0%, less than the published COA for a FT/FT student. The average cost to a student varies by income level; those with a lower family income receive more in financial aid, thereby lowering the average price for attending college. The average net price for a family with an income of \$0 to \$30,000 increased by \$175, from \$14,122 in fiscal 2018 to \$14,297 in fiscal 2019.

Exhibit 10
Estimated Cost of Attendance versus Average Net Price
For Full-time, In-state Students by Income Level
Fiscal 2017-2019



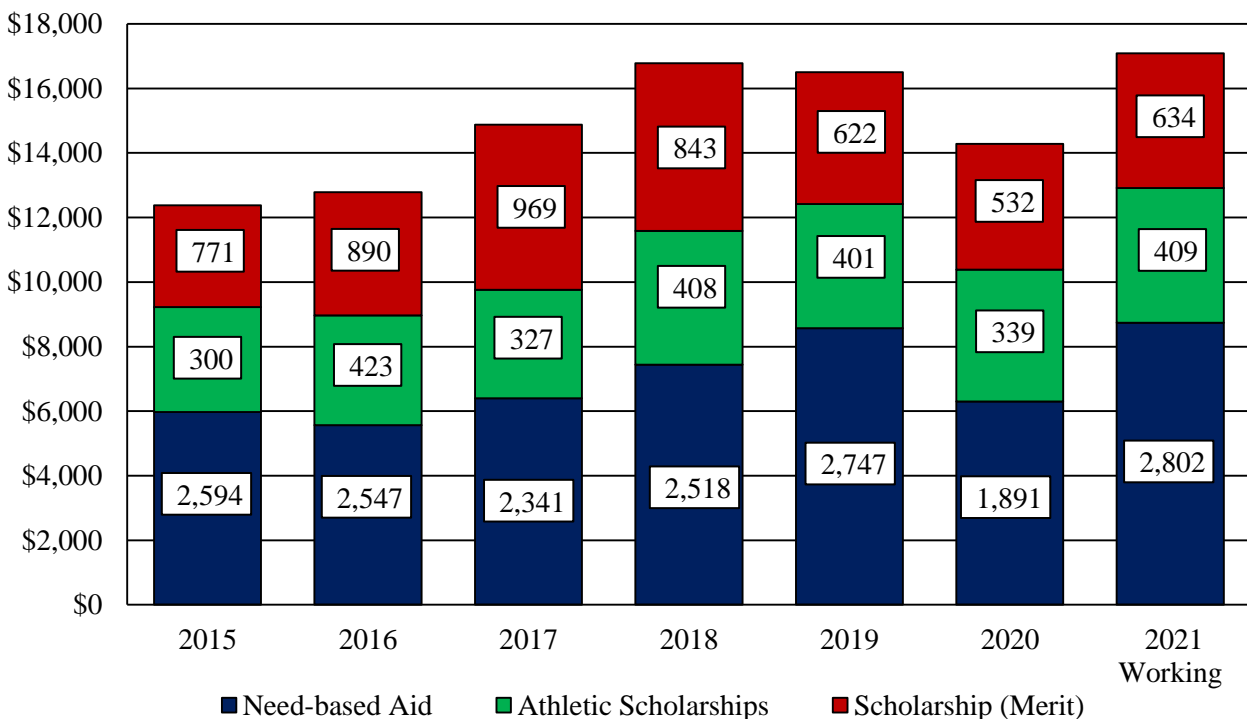
Note: The total cost of attendance includes tuition; mandatory fees; books; supplies; and the weighted average for room, board, and other expenses. Average net price is calculated by subtracting the average amount of federal, State, and institutional aid awarded to Morgan State University students from the total cost of attendance.

Source: National Center for Education Statistics' College Navigator

Institutional Aid

Spending on institutional aid is anticipated to reach its highest level of \$17.1 million in fiscal 2021, growing 19.6%, or \$2.8 million, over the previous year, as shown in **Exhibit 11**. With the exception of fiscal 2020, when only 2,762 awards were provided, the total number of awards allocated remained relatively stable from fiscal 2015 through 2021, ranging from a low of 3,637 in fiscal 2017, to a high of 3,860 in fiscal 2016. Due to the COVID-19 pandemic, MSU reduced the amount of institutional aid provided for fiscal 2020, as \$1.8 million of that funding would have been utilized by students to assist in paying for housing, meal plans, and fees in the spring 2020 term, which were no longer applicable for those students. Spending on need-based aid in the fiscal 2021 budget reached \$8.7 million, or 51.2% of total aid spending, and represents the largest amount ever spent by the institution on need-based aid awards. From fiscal 2015 through the 2021 budget, need-based aid has averaged 46.6% of institutional aid, merit scholarships averaged 28.2%, and athletic scholarships averaged 25.2% of the total amount of aid awarded over that period.

Exhibit 11
Institutional Aid Expenditure and Number of Awards by Category
Fiscal 2015-2021
(\$ in Thousands)

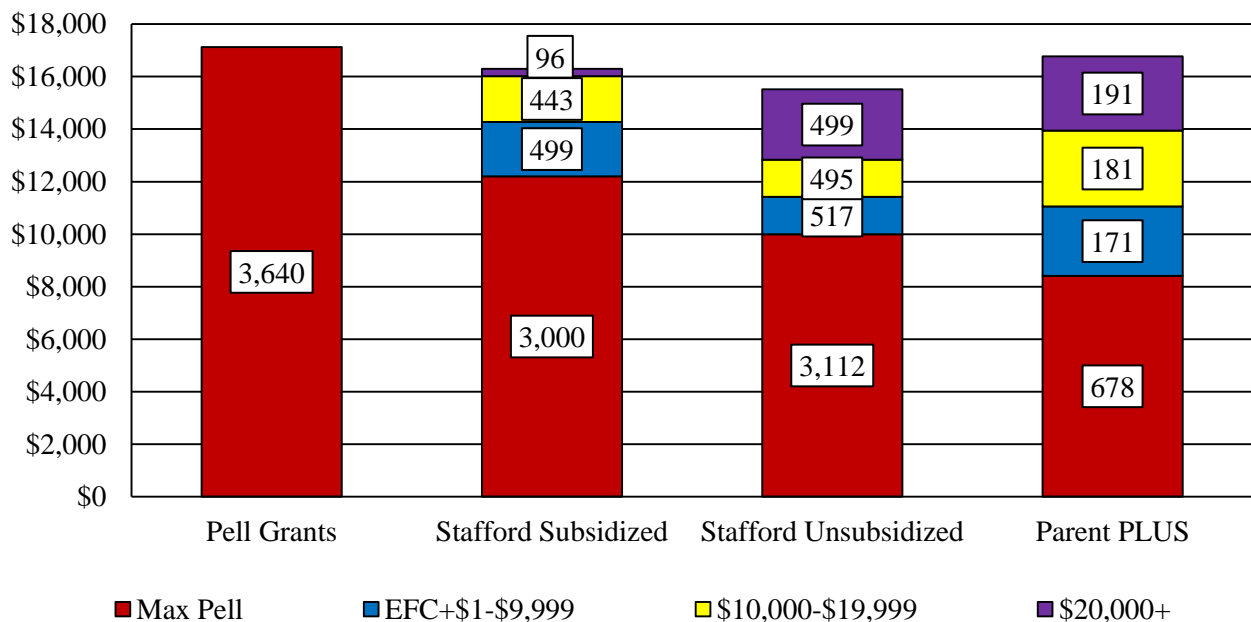


Source: Maryland Higher Education Commission; Morgan State University

Loans

In fiscal 2020, 3,640 undergraduate students received a Pell grant, totaling \$17.1 million, as shown in **Exhibit 12**. These grants are given to those students who otherwise could not afford college. These students have an expected family contribution (EFC) of less than a specific amount, which was \$5,140 in fiscal 2019. EFC is an indicator of the amount that a family is expected to contribute for a student's college education; the lower the EFC, the greater the financial need.

Exhibit 12
Total Federal Pell and Loans and Number by EFC
Fiscal 2019
 (\$ in Thousands)



EFC: expected family contribution

Source: Maryland Higher Education Commission

While students with the greatest financial need typically receive Pell and institutional aid, it is not enough to cover the cost of attending college. Students in all EFC categories take out other types of federal loans to finance their education, including \$16.3 million in subsidized loans that are based on financial need with the government paying the interest while the student is enrolled in school (Stafford subsidized loans), and \$32.3 million in unsubsidized loans that are general loans for those who do not demonstrate financial need with interest added to the balance of the loan while the student is enrolled in school (Stafford unsubsidized and Parent PLUS loans).

Student Debt

Recently, the U.S. Department of Education's College Scorecard started reporting the median debt (excluding private and Parent PLUS loans) for 2017 and 2018 graduates by field of study. This is an effort to give students a better picture of outcomes at the program rather than the institutional level. The median debt of MSU students ranged from \$27,250 for architecture majors to \$37,707 for fine and studio arts majors.

Fiscal Impact of COVID-19

Fiscal 2020

In March 2020, MSU switched to remote learning as COVID-19 spread across the State. MSU sent students home, except for those requiring emergency housing, and began telework for all nonessential employees under temporary guidelines. Refunds were made to students for room and board and other student fees. The closure resulted in loss of revenue in other auxiliary enterprises, including the bookstore, dining services, conferences, and athletics. As shown in **Exhibit 13**, in fiscal 2020, MSU experienced \$5.7 million in additional COVID-19-related expenses, \$5.0 million revenue loss from less tuition and fees, and \$2.0 million from less auxiliary revenue for a total shortfall of \$12.7 million.

Exhibit 13 COVID-19-related Expenditure and Revenue Loss Fiscal 2020

COVID-19-related Expenses	-\$5,710,357
Less Tuition and Fee Revenues	-4,950,603
Less Auxiliary Revenue	-2,041,863
Total Shortfall	-\$12,702,823
CARES Act HBCU Funds	\$5,522,441
CARES Act	4,631,796
CRF Funds	2,548,586
Total Revenues	\$12,702,823
Total Deficit	\$0

CARES: Coronavirus Aid, Relief, and Economic Security

CRF: Coronavirus Relief Fund

HBCU: Historically Black Colleges and Universities

Source: Morgan State University

In fiscal 2020, MSU received \$9.3 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, of which \$4.6 million was used to provide emergency financial aid grants to 4,282 students to date. The remaining \$4.6 million was used to cover a portion of the fiscal 2020 revenue loss. MSU also received \$19.0 million in 18004(a)(2) CARES Act funding specifically designated by the federal government to strengthen Historically Black Colleges and Universities (HBCU), of which \$5.5 million was utilized to partially cover the fiscal 2020 shortfall. MSU indicated that the remaining \$13.5 million of this funding is being used in fiscal 2021 for information technology (IT) infrastructure improvement for teleworking; remote learning technology training, assistance, and upgrades; ongoing COVID-19-related personal protective equipment (PPE), testing and sanitation; and enhancing financial stability from COVID-19-related lost revenues and other costs. MSU also utilized the Coronavirus Relief Fund, totaling \$2.5 million, to offset expenses for public safety personnel and additional COVID-19-related expenses. Together, this additional relief funding from the federal and State government was utilized by MSU to eliminate their COVID-19-related budget deficit for fiscal 2020 and reserve funding for fiscal 2021.

Fiscal 2021

In fall 2020 (fiscal 2021), MSU moved to a remote-only instruction model, resulting in a \$27.6 million in auxiliary revenue loss through December 31, 2020. Tuition and fees were frozen for both in-state and out-of-state students at the fiscal 2020 level, resulting in \$9.4 million in lost tuition and fee revenues compared to what was budgeted, as shown in **Exhibit 14**. In addition, the July Board of Public Works action reduced MSU's general funds by \$9.0 million. When additional lost revenues from federal grants and contracts are included, MSU has a budget shortfall of \$48.8 million through the first half of fiscal 2021. To date, MSU has covered \$27.1 million of the revenue losses and expenditure increases through a combination of reductions of expenditures to student clubs, health insurance, the counseling center, career development, theatre arts, and other departments on campus (\$8.9 million); savings from reductions in auxiliary expenses (\$8.3 million); reductions in scholarships and fellowships (\$4.8 million); and reductions to operations and maintenance of the facility and academic support expenses (\$5.1 million). Even with these reductions, the institution still has a fiscal 2021 deficit of \$21.7 million. MSU plans to cover this shortfall by implementing a hiring freeze and a freeze on filling vacant positions, reducing contractual positions, and additional general reductions in expenditures.

However, when including fiscal 2021 deficiency appropriations for COVID-19-related expenditures, an unspecified amount of CARES funding carried over from fiscal 2020, and Consolidated Appropriations Act (CAA) funding, which may be utilized for the fiscal 2021 budget shortfall, the fiscal 2021 budget deficit is far less severe than presented. It should also be noted that there will be additional funding provided to HBCUs from the CAA that has not yet been allocated by the U.S. Department of Education and will add to the level of federal relief that MSU can expect to receive. **The President should comment if the institution will be utilizing any of the CARES Act HBCU funding in fiscal 2021 to assist in reducing the deficit rather than using the funds for additional operating expenditures as discussed above.**

Exhibit 14
Impact of COVID-19 on Fiscal 2021

Revenue Losses	
Auxiliary Revenue	-\$27,580,082
Tuition and Fee Revenues	-9,391,671
BPW Reduction	-8,979,480
Other Revenues	-2,807,695
Total Shortfall	-\$48,758,928

Actions to Cover Shortfall

Expenditure Reduction	
Others	\$8,886,825
Auxiliary Enterprises	8,329,393
Scholarships and Fellowships	4,843,788
Operations and Maintenance	2,551,776
Academic Support	2,475,242
Total Reductions	\$27,087,024

Deficit After Expenditure Reductions	-\$21,671,904
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Additional Fund Sources	
CAA Institutional Fund ¹	\$9,646,333
Fiscal 2021 Deficiency	\$3,959,665
CARES Act HBCU Funds Available from Fiscal 2020	TBD
CAA HBCU Funding	TBD

Deficit After Additional Funding Sources	-\$8,065,906
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BPW: Board of Public Works

CAA: Consolidated Appropriations Act

CARES: Coronavirus Aid, Relief, and Economic Security

HBCU: Historically Black Colleges and Universities

¹CAA funding that has not yet been utilized. This funding does not include distribution of funds to HBCUs, allocations of which have not been made. Institutions have until September 30, 2022, to expend the funds and, therefore, may carry over funds to fiscal 2023, but funds may be spent as early as fiscal 2021.

Source: Morgan State University; Department of Legislative Services

Fiscal 2021 Working Budget

Actions Affecting Fiscal 2021 Budget

There are three proposed deficiencies: \$2.0 million in special fund bond premiums for qualified capital-related expenditures; \$1.5 million in general funds to reimburse MSU for expenditures related to COVID-19; and \$2.5 million in reimbursable funds to compensate MSU for public safety personnel costs incurred during the first six months of the fiscal year.

Fiscal 2022 Proposed Budget

As shown in **Exhibit 15**, the adjusted fiscal 2022 allowance for State funds is \$0.2 million, or 0.1%, lower than the adjusted fiscal 2021 working appropriation. State support includes an additional \$3.0 million in general funds for 15 research positions and operational costs for a new Center for Urban Health Equity. Housed within the University's School of Community Health and Policy, the new center will engage in research to address health inequities in Maryland. **The President should comment on the large increase in other unrestricted funds from fiscal 2020 to fiscal 2021, identifying how this increase aligns with the University's budget given the impact the COVID-19 pandemic had on the institution.**

The Department of Legislative Services recommends restricting the Center for Urban Health Equity funding included in the budget pending the receipt of a report documenting the strategic goals and funding streams for the center.

Exhibit 15
Proposed Budget
Morgan State University
Fiscal 2020-2022
(\$ in Thousands)

	<u>2020</u> <u>Actual</u>	<u>2021</u> <u>Adjusted</u>	<u>2022</u> <u>Adjusted</u>	<u>2021-2022</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$99,531	\$103,772	\$106,382	\$2,611	2.5%
General Salary Increase		964	1,928		
Total General Funds	\$99,531	\$104,736	\$108,310	\$3,575	3.4%
HEIF	\$2,811	\$2,761	\$2,990	\$229	8.3%
CARES Act – State Support	2,549	0	0		
Deficiency – State CRF	0	3,960	0		
Total State Funds	\$104,890	\$111,456	\$111,300	-\$156	-0.1%
Other Unrestricted Funds	\$101,794	\$120,810	\$127,272	\$6,461	5.3%
Transfer to Fund Balance	-3,124	0	0		
Net Unrestricted Funds	\$203,560	\$232,267	\$238,572	\$6,305	2.7%
Restricted Funds	\$46,558	\$54,626	\$54,626		0.0%
Deficiency	0	2,000	0		
CARES Act – Direct Federal Support	12,703	0	0		
Total Restricted Funds	\$59,260	\$56,626	\$54,626	-\$2,000	3.5%
Total Funds	\$262,820	\$288,892	\$293,197	\$4,305	1.5%
CAA – Institutional Funds ¹		\$9,646			
CAA – Financial Aid ¹		4,632			

CAA: Consolidated Appropriations Act

CARES: Coronavirus Aid, Relief, and Economic Security

CRF: Coronavirus Relief Fund

HEIF: Higher Education Investment Fund

¹CAA funding that has not yet been utilized. This funding does not include distribution of funds to Historically Black Colleges and Universities, allocations of which have not been made. Institutions have until September 30, 2022, to expend the funds, and therefore may carry over funds to fiscal 2023.

Source: Governor’s Fiscal 2022 Budget Books; Department of Legislative Services

Other current unrestricted funds increase 5.3%, or \$6.5 million. Tuition and fee and auxiliary revenues account for the majority of the increase, accounting for \$2.9 million and \$3.0 million of that increase, respectively. As of drafting of this analysis, MSU has not yet indicated that it will increase tuition and fees for fiscal 2022; as such, the \$2.9 million increase in tuition and fee revenue identified in the fiscal 2022 adjusted budget, based on a 2.0% increase in tuition and fees in fiscal 2022, may not come to fruition. MSU plans to discuss their 2022 tuition and fee schedule during their February 2021 Board of Regents (BOR) meeting, with a view to a decision made at its May 2022 BOR meeting. Overall, unrestricted funds grow \$6.3 million, or 5.3%.

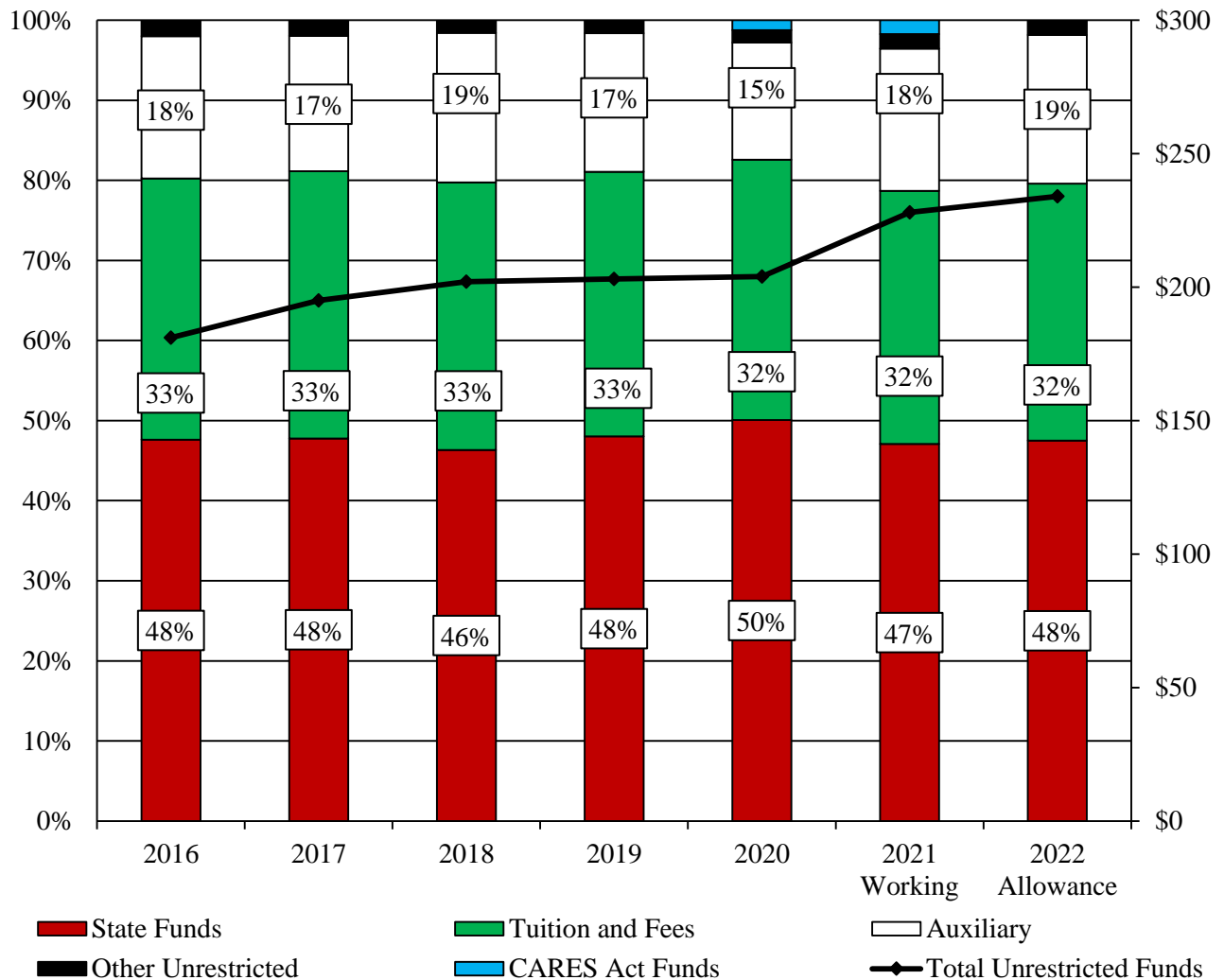
MSU will receive \$14.3 million in CAA funds in fiscal 2021, of which \$4.6 million are required to be used for financial aid. Funds designated specifically for HBCUs have yet to be allocated by the U.S. Department of Education and will add to the level of federal relief that MSU can expect. Institutions have until fiscal 2023 to expend these funds. The university is still evaluating how the CAA funding might be expended. General expectations for the instructional funding are that these funds will continue to be utilized on ongoing pandemic-related costs and infrastructure improvements. Broad categories include IT infrastructure improvements for teleworking; remote learning technology training, assistance, and upgrades; ongoing COVID-19-related PPE, testing, and sanitation; and enhancing financial stability after COVID-19-related lost revenues and other costs. Student funding requirements and options are also being evaluated.

It should be noted that, in December 2020, MSU received a \$40 million unrestricted gift from MacKenzie Scott, the largest gift from a donor in the school's history. **The President should comment on how MSU plans to use this gift.**

Revenue Sources

In the fiscal 2022 allowance, State funds (general funds and the Higher Education Investment Fund) and tuition and fee revenues, comprise 48% and 32% of MSU's State-supported revenues, respectively, as shown in **Exhibit 16**. While remaining fairly stable between fiscal 2018 through 2020, unrestricted revenues increase by 11.8% in the fiscal 2021 working budget, growing by \$24.1 million. Auxiliary revenues account for the majority of the gain, increasing by \$10.7 million compared to the fiscal 2020 budget, while tuition and fee revenue and State general funds each grow by \$5.8 million, and \$5.2 million, respectively. The percentage distribution of the unrestricted revenues by fund source between fiscal 2016 through the 2022 allowance have remained fairly stable despite the impact the COVID-19 pandemic had on the institution.

Exhibit 16
Unrestricted Revenues by Fund Source
Fiscal 2016-2022
(\$ in Millions)



CARES: Coronavirus Aid, Relief, and Economic Security

Source: Governor's 2016-2020 Budget Books; Department of Legislative Services

Personnel Data

	<u>FY 20 Actual</u>	<u>FY 21 Working</u>	<u>FY 22 Allowance</u>	<u>FY 21-22 Change</u>
Regular Positions	1,249.00	1,262.00	1,277.00	15.00
Contractual FTEs	850.00	425.00	415.00	-10.00
Total Personnel	2,099.00	1,687.00	1,692.00	5.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	47.38	3.71%
Positions and Percentage Vacant as of 12/31/20	85.00	7%
Vacancies Above Turnover	37.62	3.29%

- The allowance adds 15 regular positions for the Center for Urban Health Equity.
- MSU's contractual employment numbers were reduced by reclassification or termination to help address the financial shortfall.

Issues

1. Quick Transition to Remote Learning in Spring 2020 and Remote Learning for Fall 2020

In March 2020, MSU had to switch to remote learning. Challenges MSU encountered with this sudden transition included:

- lack of access to high-know quality technology resources for students to support remote instruction (laptop/computers/Wi-Fi) and limited access to software, internet connection, and hardware resources;
- submission of assignments in a timely manner given that many students live in different time zones;
- students indicating that their professors were not adequately proficient in using the new computer technology platform tools that were utilized to enhance online class/remote instruction;
- students having difficulty fully comprehending abstract topics and other course concepts that are best taught using hands-on skills-based instructional strategies, manipulatives, or laboratory-based experimentation while participating in an online/remote instruction modality (e.g., Science, Math, and Engineering majors).
- faculty had challenges balancing the longer hours, homeschooling their own children, increases in overall stress, and difficulties in providing availability and timely feedback for students;
- faculty members expressing concern about students' lack of familiarity with online learning platforms and suggested training for students; and
- the inability to give students individual attention, difficulties in learning to navigate technology tools, an inability to access documents/files in the office, and lags in internet response time during lectures.

MSU learned from these challenges to better inform preparing for the fall 2020 semester. Additional actions taken by the university included:

- faculty training programs to ensure remote instruction training and course development;
- classroom technology upgrades were initiated to ensure adequacy for remote instruction;

- the Technology Teaching Assistant position was created to specifically train graduate students to help faculty;
- Remote Instruction Course Assistants were also hired to help assist faculty;
- the academic calendar was adjusted to begin classes after Labor Day to allow sufficient time for faculty and student training and preparation for online/remote instruction; the master course schedule was also modified minimally in order to avoid student enrollment confusion;
- a document of faculty expectations and guidance regarding remote instruction was developed and disseminated in adequate time to allow faculty to fully prepare for fall instruction; and,
- students were afforded the use of pass/fail grading with a selection date that allowed students to view the grades earned prior to electing the pass/fail grading system; additionally, faculty were afforded the opportunity to assign fail as a course grade.

MSU ensured that the quality of courses provided in this remote learning environment met the same standard as in person learning by:

- the President creating the Remote Instruction Committee, which is comprised of faculty, staff, and students and has been charged with assessing lessons learned from rapidly changing in-class instruction to remote/online instruction;
- the Department of Academic Affairs establishing the Provost Student Advisory Group and holding open forum discussions for faculty and staff to share their experiences with online learning;
- traditional course evaluation instruments being augmented to include questions to capture student and faculty perceptions of remote instruction. Reliable survey instruments were developed and published within the Canvas course help modules and on the Office of the Provost website to capture unmediated experiences of faculty and students and document current challenges;
- providing remote access to high-quality software licenses and purchasing new or continuing the use of simulation and course manipulation kits for students and software for specialized instruction;
- providing laptops, hot spots, and other technology needs on a case-by-case basis;
- the Office of the Provost and Academic Technology Services working collaboratively to establish faculty training and course development assistance, including in-depth training on Canvas and Zoom platforms; and

- offering online/remote instruction workshops and assistance, including Quality Matters: Design Your Own Course; Create Your Online Course; Remote Instruction Crash Course – Get your Course Ready, which have been attended by hundreds of faculty.

The Division of Student Affairs has assisted students in the following ways during the pandemic to provide student services remotely:

- for students who remained home during the pandemic, the Office of Residence Life continued to offer tutoring support for residential students through the Academic Enrichments Center;
- the Student Affairs Case Manager also served as a referral service to provide students with the links to the “Growing the Future Fund” and Institutional Aid online application to support students having financial and technology difficulties during the pandemic;
- the Office of Residential Life provided shipping and storage support for several out-of-state and international students who had difficulties returning home;
- for students with “extenuating circumstances,” MSU provided housing and referred them to financial aid to receive support for covering their housing and meal needs;
- the Food Resource Center (FRC) continued to provide distributions to students residing in off-campus neighborhoods near MSU;
- the Office of Residential Life provided shipping and storage support for several of MSU’s out-of-state and international students who had difficulties returning home;
- the Counseling and Health Centers quickly converted to telecounseling and telehealth services for students who were studying remotely;
- the Office of Student Life and Development created a Virtual Engagement Resource to keep students connected on a regular basis, offering bimonthly student organization leadership meetings, Student Government Association Meetings, and fraternity and sorority meetings;
- the Campus Activities Board and Office of Residence Life devised innovative ways to maintain traditional activities, *i.e.*, Freshman Week Activities; Mr./Miss Morgan Pageant, and online Homecoming Activities;
- the Center for Career Services converted all recruitment-related activities to an online format. In spring 2020, the center hosted its first online Internship Fair, and in fall 2020, MSU hosted its first online Career Fair, attracting over 90 employers; and

- the University Chapel converted its weekly services to a radio broadcast on WEAA to support students' spiritual development, and efforts are underway to support the MSU Muslim student population.

Challenges in providing services to students have included:

- supporting students who did not have transportation to the campus and/or to local food markets with healthy food options. This has been mitigated as a result of a recent donation from the Ford Fund and a collaboration with the Bear Transit Program; and
- FRC was limited in what it was able to offer due to lack of refrigeration. A plan is underway to address this as well.

Increased demand for student resources have included:

- students and employees seeking assistance from FRC;
- increased inquiries from students and families seeking additional financial aid support due to families losing employment;
- inquiries about PPE and other COVID-19 resources, *i.e.*, access to COVID-19 testing to support students who live in off-campus apartments in the neighboring areas. MSU anticipates that they will also receive inquiries about having access to the COVID-19 vaccination; and
- increased demands on counseling and mental health services due to isolation associated with the pandemic.

The President should further comment on efforts to provide mental health services remotely. The President should also comment on whether the shift to providing courses and services online shifted the thinking of how MSU can deliver programs to students, opportunities to expand its reach, and the impact on MSU's future business model.

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that \$3,000,000 of this appropriation made for the purpose of launching the Center for Urban Health Equity may not be expended until Morgan State University submits a report to the budget committees documenting the strategic goals of the center and how additional funding streams will be leveraged to fund the center. The report shall be submitted by July 1, 2021, and the committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall be reverted if the report is not submitted.

Explanation: The fiscal 2022 budget provides \$3.0 million specifically designated for the creation of the Center for Urban Health Equity. This language withholds the expenditure of these funds until Morgan State University (MSU) submits a report documenting the goals of, and funding streams for, the Center.

Information Request	Author	Due Date
Report on the Center for Urban Health Equity	MSU	July 1, 2021

Appendix 1

2020 Joint Chairmen's Report Responses from Agency

The 2020 *Joint Chairmen's Report* (JCR) requested that Morgan State University (MSU) prepare four reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Report on Private Medical School Proposal:*** MSU was approached by Salud Education, LLC to develop and build the first Osteopathic College of Medicine at a Historically Black College or University. MSU has indicated that the new College of Medicine (COM) will be 100% financed with external resources as Salud, LLC will identify financing partners for equity and debt for the COM. The funding model is segmented into three areas: the first is the accreditation required escrow, \$40 million; the second component is building and equipment, \$35 million; and the third component is the working capital for the school's operations, \$35 million with the total funding requirement of approximately \$110 million. The estimated timeline for COM is roughly three years from application status to the start of the first cohort. MSU is currently in the process of finalizing an affiliation agreement with Salud, LCC.
- ***Report on Instructional Faculty Workload:*** MSU was asked to submit a report on annual workload for tenured and tenure-track faculty as well as full- and part-time non-tenured and non-tenure track faculty, including adjunct faculty, instructors, and lecturers. Tenure and tenure-track faculty taught 97% of expected course totals with an average course unit of 7.1. Full-time contractual faculty taught 98% of expected course totals with an average course unit of 7.6. Departmental chairs continued to exceed their expected course totals taught, reaching 126% with an average course unit of 5.0.
- ***Report on High Use of Contractual Employees:*** MSU was asked to submit a report on the institution's high usage of contractual employees. The report identifies that as of October 2020, MSU had a total of 509 contractual employees when including all contractual employee groups. MSU proposes to convert employees after they have been employed for at least three years based on the need of the services provided and satisfactory employee performance. 51.1% of part-time non-exempt contractual employees (24 of 47) had greater than three years of service, 23.1% of full-time non-exempt contractual employees (24 of 104) had greater than three years of service, 64.2% of part-time exempt contractual employees (34 of 53) had greater than three years of service, 50.0% of full-time exempt contractual employees (41 of 82) had greater than three years of service, 49.7% of part-time contractual faculty (71 of 143) had greater than three years of service, and 75% of full-time contractual faculty (60 of 80) had greater than three years of service.
- ***Report on Mold Mitigation Plans:*** MSU was asked to submit a report detailing the institution's mold safety program, mold prevention and safety fact sheet, and a summary of mold mitigation efforts. This report provides the roles and responsibilities of the respective MSU departments, mold inspection and remediation practices, personal protective equipment utilized and available, communication strategies, student and personnel training and education, as well as how program evaluation of the mold mitigation plan will be will be conducted.

Appendix 2
Object/Fund Difference Report
Morgan State University

<u>Object/Fund</u>	<u>FY 20 Actual</u>	<u>FY 21 Working Appropriation</u>	<u>FY 22 Allowance</u>	<u>FY 21 - FY 22 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,249.00	1,262.00	1,277.00	15.00	1.2%
02 Contractual	850.00	425.00	415.00	-10.00	-2.4%
Total Positions	2,099.00	1,687.00	1,692.00	5.00	0.3%
Objects					
01 Salaries and Wages	\$ 124,013,445	\$ 134,590,247	\$ 140,768,259	\$ 6,178,012	4.6%
02 Technical and Spec. Fees	31,128,308	30,256,770	31,151,486	894,716	3.0%
03 Communication	701,419	898,209	852,654	-45,555	-5.1%
04 Travel	3,477,184	4,421,287	4,176,808	-244,479	-5.5%
06 Fuel and Utilities	6,674,837	6,608,451	6,986,645	378,194	5.7%
07 Motor Vehicles	564,636	611,425	620,681	9,256	1.5%
08 Contractual Services	29,773,243	31,960,310	32,279,527	319,217	1.0%
09 Supplies and Materials	5,689,618	6,883,321	6,595,901	-287,420	-4.2%
11 Equipment – Additional	2,617,530	6,121,979	7,030,604	908,625	14.8%
12 Grants, Subsidies, and Contributions	41,415,979	41,006,403	40,839,297	-167,106	-0.4%
13 Fixed Charges	12,110,476	11,942,712	13,048,996	1,106,284	9.3%
14 Land and Structures	4,653,215	6,667,428	6,918,570	251,142	3.8%
Total Objects	\$ 262,819,890	\$ 281,968,542	\$ 291,269,428	\$ 9,300,886	3.3%
Funds					
40 Unrestricted Fund	\$ 203,559,530	\$ 227,342,846	\$ 236,643,732	\$ 9,300,886	4.1%
43 Restricted Fund	59,260,360	54,625,696	54,625,696	0	0%
Total Funds	\$ 262,819,890	\$ 281,968,542	\$ 291,269,428	\$ 9,300,886	3.3%

Note: The fiscal 2021 appropriation does not include deficiencies, targeted reversions, general salary increases, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or annualized general salary increases.

**Appendix 3
Fiscal Summary
Morgan State University**

<u>Program/Unit</u>	<u>FY 20 Actual</u>	<u>FY 21 Wrk Approp</u>	<u>FY 22 Allowance</u>	<u>Change</u>	<u>FY 21 - FY 22 % Change</u>
01 Instruction	\$ 55,312,874	\$ 61,118,370	\$ 59,855,686	-\$ 1,262,684	-2.1%
02 Research	40,149,333	37,195,472	42,278,579	5,083,107	13.7%
03 Public Service	367,746	446,365	527,535	81,170	18.2%
04 Academic Support	24,433,925	25,156,767	26,047,772	891,005	3.5%
05 Student Services	9,137,208	9,625,946	9,959,593	333,647	3.5%
06 Institutional Support	37,572,800	46,279,461	46,378,273	98,812	0.2%
07 Operation And Maintenance of Plant	21,506,011	26,570,107	27,726,435	1,156,328	4.4%
08 Auxiliary Enterprise	34,395,093	37,130,349	40,049,850	2,919,501	7.9%
17 Scholarships And Fellowships	39,944,900	38,445,705	38,445,705	0	0%
Total Expenditures	\$ 262,819,890	\$ 281,968,542	\$ 291,269,428	\$ 9,300,886	3.3%
Unrestricted Fund	\$ 203,559,530	\$ 227,342,846	\$ 236,643,732	\$ 9,300,886	4.1%
Restricted Fund	59,260,360	54,625,696	54,625,696	0	0%
Total Appropriations	\$ 262,819,890	\$ 281,968,542	\$ 291,269,428	\$ 9,300,886	3.3%

Note: The fiscal 2021 appropriation does not include deficiencies, targeted reversions, general salary increases, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions or annualized general salary increases